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Citation: Lokanan, Mark (2015) Challenges to the fraud triangle: Questions on its usefulness. Accounting Forum, 39 (3). pp. 201-224. ISSN 0155-9982

Published by: Elsevier

URL: <http://dx.doi.org/10.1016/j.accfor.2015.05.002>
<<http://dx.doi.org/10.1016/j.accfor.2015.05.002>>

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1. Introduction

The financial crisis of 2001 witnessed an unprecedented level of corporate accounting frauds¹ involving some of America's largest corporations. Executives from Enron, Tyco, WorldCom, Global Crossing, Quest, Aldelphia and ImClone were all tried and convicted for committing one form of accounting fraud or another. The litany of scandals tore at the 'soul' of the American economy, and "many loyal workers who had invested in company 401 (k)s, pensions, and mutual funds [saw] their life savings wiped out" (Gray, Frieder & Clark, 2005: 2).

Seven years later, in 2008, the global financial system was struck by a global financial crisis ("GFC") that changed the financial and economic landscape of the world (Sikka, 2010a). Immediately after the GFC, a litany of corporate accounting scandals began to make headlines. A few examples of these scandals included that of Bernard Madoff's ("Madoff") scheme that broke out in 2008. Madoff was convicted and sentenced to 150 years in prison for an elaborate Ponzi scheme in which he swindled investors of over \$50 billion (Henriques, 2009). There was also the case of a senior Hong Kong executive (and partner) at Ernst & Young ("EY") who, in 2009, was detained for suspected forgery linked to the bankrupt electronics maker Akai Holdings Ltd. EY later entered an out of court settlement in the amount of \$1 billion for a negligence claim with Akai Holdings Ltd (Ng, 2009). Similarly in 2009, a London-based accountancy chief from KPMG was sentenced to four years in jail for swindling over \$900,000 of the firms funds for personal use (Moult, 2009).

Fast forward to 2014 and there are reports alluding to the continued rise in accounting fraud. A Global Economic Crime Survey ("GECS") conducted by PricewaterhouseCoopers ("PWC") found that accounting fraud is on the rise and poses a serious threat to business

¹ "Corporate accounting fraud", "corporate fraud", and "fraud" will be used interchangeably throughout the paper. Given the nature of the paper, it was not necessary to disentangle the terms since all of three were central components of the research methodology undertaken (also see Lynch, McGurrian & Fenwick, 2004: 397).

(PWC, 2014). The GECS noted that unless fraud control and prevention measures are implemented, businesses will be at greater risk of irreparable damage from fraud.

While the exact statistics are not known, it is estimated that the number of fraud examiners and auditors trained to detect fraud has exploded since the GFC. The Association of Certified Fraud Examiners (“ACFE”), arguably the world’s largest anti-fraud organisation and premier provider of anti-fraud training and education, now has over 70,000 members worldwide. To investigate accounting chicanery and other frauds, the ACFE advocates that auditors and other anti-fraud professionals use the fraud triangle as a standard investigative method to understand the factors that cause people to commit fraud.

The fraud triangle's decomposition has its origin in Cressey’s (1953) book, *Other People’s Money: A Study in the Social Psychology of Embezzlement*. Cressey’s (1953) fraud triangle consists of three elements: pressure, opportunity and rationalisation, all of which must be present in order for a crime to be committed (Cressey, 1953: 30). Support for the fraud triangle comes from audit professionals and standard setters who argue that investigators analysing financial statements will be able to quantify the *pressure* (as in inflated revenue or overstated net income) that led to the fraud. They will also need to assess the *opportunity* to commit the fraud with reference to weak or absent adequate internal controls and the *rationalisation* techniques used to justify the fraud (see Auditing Standards Board, 2002; AICPA, 2002 emphasis added).

Concerned about the erosion of ethical standards within the accounting profession, the American Institute of Certified Public Accountants (“AICPA”) in 2002 and the International Federation of Accountants (“IFAC”) in 2006, followed the ACFE’s footsteps and turned to Cressey’s (1953) work on the fraud triangle for potential explanations of the frauds (O’Connell, 2004: 733-784; Donegan & Ganon, 2008: 3). The adoption of the fraud triangle is most evident in the *Statement on Auditing Standards (SAS) No. 99: Consideration of Fraud*

in a Financial Statement Audit, which makes the concept the standard method for understanding fraudulent conduct (Auditing Standards Board, 2002).

Despite the efforts of the AICPA and the ACFE, it would appear that the present state of fraud prevention is one of abject failure (Sikka, 2010a; Neu, Everett, & Rahaman, 2013; Free & Murphy, 2013; Cooper, Dacin & Palmer, 2013; Morales, Gendron & Guénin-Paracini, 2014). Fraud continues to be a problem to the point where the standard setters do not have anything convincing to say about fraud prevention and prescribe policies to put in place to reduce fraud (McBarnet, 2006; Dorn, 2010; Power, 2013; PWC, 2014).

In this paper, I explore the claim of the fraud triangle as a useful framework to combat fraud. Using evidence from three cases, I argue that the fraud triangle is not an adequate tool for detecting fraud. In particular, I use Fairclough's (1992, 1995a, & 2003) version of critical discourse analysis ("CDA") as a theoretical anchor and argue that the fraud triangle endorses a body of knowledge that lacks the objective criteria required to adequately address every occurrence of fraud. One key emphasis is the body of knowledge endorsed by the ACFE that associates fraud with moral issues (Morales et al., 2014: 177; also see Albrecht & Albrecht, 2004: 5). The ACFE's discourse conceptualises fraud as a dishonest act perpetrated by an individual for personal enrichment (Wells, 1997: 3-6). By this definition, fraud is rooted in the individual's frail morality (not as an effect of wider societal influences), which requires surveillance efforts to be geared towards individual ethics by the organisation (Morales et al., 2014: 177).

1.1. Why CDA?

This paper illustrates a critical approach to the analysis of fraud discourse in the form of CDA. The systematic exploration of the often opaque relationship of causality between discursive and sociocultural practices gives CDA a critical edge in the study of fraud discourse, especially as it builds on the premise that discursive practices are constitutive of

and are constituted by wider societal practices (Hussein, 2008: 132). An analysis anchored within the interface of CDA allows researchers to uncover opaqueness and power relationships embedded in fraud discourse (see Fairclough, 1995a: 132-133). In this sense, the use of CDA allows me to utilise a wide range of sources to analyse the ACFE's discourse on fraud more systematically and in more detail from a linguistic perspective (see Fairclough, Graham, Lemke, & Wodak, 2004: 3). Focusing on the dialectic relationship between the ACFE's narrative and its audience, CDA addresses how the content and the linguistic features of discourse influence and are in turn influenced by the contexts of discourse production, distribution, reception and adaptation, as well as the wider anti-fraud context in which the discourses are embedded (Merkl-Davies & Koller, 2012: 180).

A CDA's framework views language as an "interactive process of meaning-making" (Fairclough, 2003: 10) through which the discourse disseminated is used to exert power and dominance in the anti-fraud market (see also Van Dijk, 1993: 249). Taken together, CDA provides a framework that can be used to study texts and discourses on fraud disseminated by the ACFE and identify connections between them (Cortese, Irvine, & Kaidonis, 2010). A CDA's framing facilitates a critical understanding of a particular discursive process of the acts that come to be seen as fraud and the control measures advocated to minimise their occurrences (see Braithwaite & Fisse, 1987: 221; Friedrichs, 1996: xvii; Power, 2013), rather than just searching for information for the sake of it (Cortese et al., 2010: 79). By anchoring the analysis through a CDA framework that specifically searches for connecting relationships, the potential to expose the distorted dialogue in which fraud is represented and evaluated becomes much greater (Merkl-Davies & Koller, 2012: 181).

The application of CDA centres on the argument that the fraud triangle represents a framework determining the causes of fraud to be rooted in individual behaviour (Cooper et al., 2013: 440; Morales et al., 2014: 171). Analytically, this discourse confirms that the

consciousness of wrongdoing is an objective phenomenon and that there is a universal consensus on what constitutes fraud (Cooper et al., 2013: 440). Particular attention is given to the discourse in which ‘fraud’ is conceptualised in the audit and accounting literature, especially mis-statements resulting from fraudulent financial reporting (i.e. frauds involving the manipulation of records and accounts) and mis-statements resulting from misappropriation of assets (i.e. frauds involving theft, misappropriation or embezzlement) (Matthews, 2005: 520) with the antecedents’ prevention efforts accompanying this definition (Donegan & Ganon, 2008; Cooper et al., 2013; Morales et al., 2014; Power, 2014). The objective here is to address this limited perspective and disentangle the dominant discourse promoted by the ACFE to show that fraud is a multifaceted phenomenon, the contextual factors of which may not fit into a particular framework. As such, a claim can be made to the effect that the fraud triangle should not be seen as a sufficiently reliable model for antifraud professionals to detect, investigate and deter fraud.

1.2. Contributions of the Paper

The paper contributes to the literature’s on-going concern over the use of the fraud triangle to detect fraud in three ways (see Dorminey et al., 2012; Cooper et al., 2013; Free & Murphy, 2013; Morales et al., 2014). First, the paper extends the debate on the fraud triangle to provide a useful practitioner’s framework for detecting and preventing fraud. Morales et al. (2014) adopted a Foucaultian framing to show how a vision of fraud has been constructed around the fraud triangle, which was developed in the aftermath of the creation of the fraud examination discipline. The present paper adds to this stream of research by anchoring the analysis within the CDA’s theoretical framework.

Second, it draws attention to the pronouncement and actions of two professional bodies dedicated to fight fraud: the ACFE and AICPA. These two professional bodies are dedicated and actively working to reduce the problem of fraud. It is hence partly for them that

an analysis of the fraud triangle is carried out here. This analysis is accomplished by directly responding to a number of burgeoning scholarly concerns on the overly-ambitious claim that the fraud triangle can act as a foundation for fraud detection and prevention and that it is the only valid model for dealing with fraud (Donegan & Gagon, 2008; Cooper et al., 2013; Power, 2013; Morales et al., 2014). As Morales et al. (2014) illustrated, the fraud triangle is often applied within an apolitical, fraud prevention frame and scholars must continue to ask questions about its relevance and extent of influence on cases where it may not be applicable (Donegan & Gagon, 2008).

Lastly, as more and more high profile accounting frauds are trumpeted throughout the popular press, there has been an increased focus on fraud related research. These include cases of fraud and money-laundering (Mitchell, Sikka & Willmott, 1998; Lehman & Okcabol, 2005), the role of accountants in the fight against fraud and corruption (Everett, Neu, & Rahaman, 2007; Sikka, 2010a; Neu et al., 2013), the role of accountancy firms in tax avoidance schemes (Sikka & Hampton, 2005; Sikka, 2010b), the rationalisation techniques used to justify fraud (Murphy & Dacin, 2011), the factors that influence accountants to commit fraud (Dellaportas, 2013), the role of professional accounting associations in reintegrating former members convicted of fraud (Dellaportas, 2014), and individuals' decision to co-offend in fraud (Free & Murphy, 2013). The present paper thus contributes to this existing stream of research by offering a critical evaluation of the fraud triangle to show that the multifaceted and interrelated complexity of fraud makes it difficult to come up with a unidirectional causal theory that can explain all occurrences of fraud. In a realistic fashion that reflects the concerns highlighted in recent research (Donegan & Gagon, 2008; Cooper et al., 2013; Morales et al., 2014), the paper extends the literature on the fraud triangle by suggesting that consideration of macro social and economic dimensions are worthy of scholarly attention.

The rest of the paper proceeds through five sections. In the first section, I survey the existing literature on the three legs of the fraud triangle, followed by a brief review of the evolution of its variants. This is followed by a review of CDA and a brief discussion on the methodology that provides a rationale for the use of the case study approach to explore various accounting phenomena. In the third section, I review the latest work on accounting fraud, particularly the institutional and wider societal context within which it exists. Section four provides a brief overview of CDA and why it is a useful theoretical framework for discussing the fraud triangle; here, particular attention is given to the importance of discourse in deconstructing and exposing a number of key limitations the fraud triangle has. Section five concludes with a discussion of the implications of the analysis for the future of fraud research and scholarship.

2. The Literature on the Fraud Triangle

2.1. Pressure to Commit Occupational Fraud

Cressey (1953) hypothesised that individuals commit fraud because of non-sharable financial pressure. Non-shareable financial pressure is a financial strain experienced by an individual, which he or she does not intend to share with others. The individual's inability to communicate the financial strain serves as a motivation to transgress the law in order to solve the problem. The literature on the pressure to commit occupational fraud can be broadly classified into financial pressures and non-financial pressures (AIC & PwC, 2003; Fitzsimons, 2009; Albrecht et al., 2012). Non-financial pressures can be further categorized as (1) work-related pressure (Hollinger & Clark, 1983; Baucus, 1994; Holton, 2009; Peterson & Gibson, 2003; Bartlett et al., 2004); (2) pressure associated with gambling and drug addiction (Sakurai & Smith, 2003; Howe & Malgwi, 2006; Kelly & Hartley, 2010); and (3) pressure associated with individuals who want to make a statement by living luxurious lifestyles (Rezaee, 2005; Dellaportas, 2013; Neu, Everett & Rahaman, 2013).

Monetary success, if we understand this as the impressive acquisition of millions through personal accomplishment, is responsible for generating strong pressures to succeed in a narrowly defined way and to pursue such success by ‘any means necessary’ including fraud (Choo & Tan, 2007: 209). A financial strain, such as a distressed business or failed market investment(s) is the catalyst that drives many offenders to commit fraud (Dellaportas, 2013: 30). In an organisational context, financial pressures stem from the company’s failure to meet Wall Street’s expectations (Sikka & Hampton, 2005; Dorn, 2010; Sikka, 2010a; Power, 2013). In other cases, financial pressure arises from the company’s inability to compete with other companies in similar industries (Albrecht, Albrecht, & Albrecht, 2004; Sikka & Hampton, 2005). Within these purviews, monetary incentives in the form of compensation bonuses are given to executives to improve the company’s financial performance (Brennan & McGrath, 2007). Financial incentives, coupled with the company’s interest in investors’ relations (i.e. to keep stock price high and maintain investors’ confidence), serve as added incentives for executives to manipulate financial statements (Mardjono, 2005).

Work-related non-financial pressures that motivate fraud include workers’ dissatisfaction and perceived inequities in the workplace (Hollinger & Clark 1983; AIC & PwC, 2003). Hollinger and Clark (1983) chronicled work-related pressures associated with fraud, noting that employees’ dissatisfaction is one of the main indicators in predicting fraudulent behaviour in an organisation. In other studies, employees turn to fraud because of perceived inequities in the work-place (Bartlett et al., 2004). Unfair treatment related to promotion, remuneration and a lack of appreciation were all cited as reasons for workers to commit fraud (Pp. 60-65). These workers have little respect for the organisation they work for and usually see fraud as an act of revenge against their employers (Baucus, 1994).

Vices such as gambling and drugs represent another category of pressures that motivate fraud (Dellaportas, 2013: 30). Easy access to online gambling including poker and

gaming machines, casinos and lotto-style games has contributed to a substantial growth in the gambling industry (Sakurai & Smith, 2003; Howe & Malgwi, 2006; Kelly & Hartley, 2010). These increased opportunities serve as motivation for fraudsters to steal money and other assets in order to satisfy their chronic dependence on gambling (ACFE, 2012). Recent studies have shown that the vast majority of offenders, whose primary motivation for fraud is gambling, usually plough back their proceeds on gambling itself (Hing, 2002; Sakurai & Smith, 2003).

The offenders' desire for material possessions creates pressure for them to live like their more affluent counterparts (Dellaportas, 2013; Neu, Everett & Rahaman, 2013). The type of pressure experienced by offenders in this category varies by their individual circumstances (Duffield & Grabosky, 2001; Peterson & Gibson, 2003; Morales et al., 2014). Many of these offenders have "egocentric motivations and a desire to possess more than one can afford, colloquially referred to as 'keeping up with the Jones'" (Dellaportas, 2013: 31). Egocentric motivations serve as an incentive to the fraudster and are said to be "any pressures to fraudulently enhance personal prestige" (Rezaee, 2005: 283). This type of motive is usually "seen in those people with very aggressive behaviour and desire to achieve higher functional authority in the corporation" (p. 283). Offenders in this category are extremely ambitious and are obsessed with power and control; personality traits that make them more likely to engage in risky behaviour that could lead to fraud (Dellaportas, 2013: 31).

2.2. Opportunity to Commit Occupational Fraud

The opportunity to commit fraud is the next component of Cressey's (1953) fraud triangle. A perceived opportunity to commit a fraudulent act arises when someone in a position of trust violates that trust to address a non-sharable financial pressure (Cressey, 1953: 30). In the accounting literature, opportunity has been examined within the context of weak internal controls which, according to KPMG (KPMG, 2006, 2008, 2010), is a major

factor attributable to fraud (Albrecht & Albrecht, 2004; Alleyne & Howard, 2005; Rae & Subramaniam, 2008; Fleak, Harrison, & Turner, 2010; Kelly & Hartley, 2010; Strand Norman, Rose & Rose, 2010; Dellaportas, 2013). Such an opportunity arises when the individual has the technical skills and knowledge of “assets, people, information, and computer systems that enables him or her not only to commit the fraud but to conceal it” (Coenen, 2008; 12). Indeed, the opportunity to engage in fraud increases as the firm’s control structure weakens, its corporate governance becomes less effective, and the quality of its audit functions deteriorates (Rezaee, 2005; Free, Macintosh & Stein, 2007; Neu, Everett & Rahaman, 2013; Power, 2013).

Others look to the criminology literature for explanation of the opportunity to commit fraud (Colvin, Cullen & Ven, 2002; Donegan & Dagon, 2008; Benson & Simpson, 2009). Colvin et al. (2002) argued that coercion and social support are necessary conditions for criminal behaviour. Individuals, who are denied access to social support from legitimate sources, may seek social support from illegitimate sources (p. 25). In the absence of social support, individuals who learn “to manipulate others in efforts to gain social support and in the process develop an intermediately intense, calculative social bond, will be more likely to approach a criminal opportunity with a calculating spirit” (p. 31). Donegan and Danon (2008) build upon the work of Colvin et al. (2002) and examine opportunity from the perspective of sub-cultural deviance. Donegan and Danon (2008) argued that the opportunity to commit fraud comes from a sub-culture, which through its practices either sends a message to support or inhibit fraudulent conduct.

2.3. The Rationalisation of Occupational Fraud

Rationalisation is the lack of feelings and indifference expressed by offenders to justify any guilt arising from their misconduct (Dellaportas, 2013: 32). It is a mechanism by which

an employee determines that the fraudulent behaviour is “okay” in her or his mind. For those with deficient moral codes, the process of rationalization is easy. For those with higher moral standards, it may not be quite so easy; they may have to convince themselves that a fraud is okay by creating “excuses” in their minds (Coenen, 2008: 12).

The social psychology and criminology literature both provide a great deal of help in understanding rationalisation. The criminologists Sykes and Matza (1970), in their work on neutralisation theory, argued that criminals normally use ‘the techniques of neutralisation’ to rationalise their acts. Neutralisation techniques are often employed to shield the individual from his or her own internal values surrounding the existence of guilt (Sykes & Matza, 1970: 669). The psychological process of sanitising one's conscience was expanded upon more recently by Murphy and Dacin (2011). Building on the work of Bandura (1999) (theory of moral disengagement) and Festinger (1957) (cognitive dissonance theory), Murphy and Dacin (2011) found three psychological pathways to fraud nestled within attitude/rationalisation: (1) lack of awareness, (2) intuition coupled with rationalisation, and (3) reasoning – the perceived benefits outweigh the costs. The authors used their framework to explain how fraud becomes normalised within an organisation and is consistent with the works of Ashforth and Anand (2003), Lehman and Okcabol (2005), den Nieuwenboer and Kaptein (2008), Rae and Subramaniam (2008), and Ball (2009) on how executives rationalise their criminal acts because they see it as a necessary part of their job.

Rationalisation also involves the fraudster reconciling his/her actions with commonly accepted principles of decency and trust. Self-serving and “morally acceptable rationalization is necessary before the crime takes place” (Dorminey et al., 2010: 19). Perhaps this is because a fraudster who “does not view him/herself as a criminal, he/she must justify his/her misdeeds to him/herself before he/she ever commits them” (p. 19). Brytting et al. (2011) provide examples of common rationalisation employed by fraudsters to justify their illegal behaviour: “everyone is doing it; it’s only fair; I’ve (they’ve) no choice; it’s just a loan; no

one is hurt; I've (they've) earned it; they deserve it; it's not a crime; they don't mind; it's for a good cause" (p. 57). Similarly, for corporate executives, the rationalisation to commit fraud may include thoughts such as: "we need to keep the stock price high," "all companies use aggressive accounting practices," "it is for the good of the company," or "the problem is temporary and will be offset by future positive results" (Albrecht et al., 2004: 118). These cognitive defence mechanisms are developed to justify and perhaps even valorise occupational fraud. Together, they allow the perpetrator to view illegal behaviour as acceptable and consistent with his or her personal code of ethics (Ashforth & Anand, 2003; Albrecht, 2003; Dedoulis, 2006; Cohen et al., 2010; Neu, Everett, & Rahaman, 2013; Morales et al., 2014).

The present discussion on the elements of the fraud triangle is structured around research that assume fraud is committed by dishonest individuals lacking morals and it is the duty of the organisation to establish credible layers of controls to prevent their employees from committing fraud or at least to detect fraud in a timely manner (see Morales et al., 2013: 184). Other variants used different articulations to increase the explanatory potential of the fraud triangle as a modern fraud diagnostic tool (see Albrecht, Howe & Romney, 1984; Rezaee, 2002, 2005; Wolfe & Hermanson, 2004; Choo & Tan, 2007; Ramamoorti, Morrison & Koletar, 2009; Krancher, Riley & Wells, 2010). Albrecht et al. (1984) introduced the Fraud Scale Model, which suggests that the likelihood of fraud occurring can be assessed by examining the relative forces of pressure, opportunity and personal integrity. Rezaee (2002) provided an alternative referred to as the "**3-C**" model and consists of three components necessary to commit corporate fraud: "**C**onditions", "**C**orporate structure", and "**C**hoice". Wolfe and Hermanson (2004) proposed a fourth dimension, "capability", to the fraud triangle and in so doing, transformed it into a "Fraud Diamond".

Others prefer to combine the fraud triangle with psychology, sociology and criminology theories. Choo and Tan (2007) explain corporate fraud by relating the fraud triangle to Messner and Rosenfeld's (1994) work on the American Dream Theory ("ADT") of crime. Ramamoorti et al. (2009) introduced the Bad Apple, Bad Bushel, or Bad Crop Syndrome, the so-called ABCs of fraud, to understand the incidence of fraud from an individual, group, and macro-oriented contextual perspective. In addition, Krancher et al's., (2010) M-I-C-E (**M**oney, **I**deology, **C**oercion, and **E**go/Entitlement) model modifies the pressure side of the fraud triangle, by providing an expanded set of motivations beyond a non-shareable financial pressure to commit fraud.

These variants each attempted to respond to the perceived limitations of the fraud triangle by including the sociological, psychological and situational factors that affect behaviour. The influence of these interrelated complexities has made it difficult for researchers to come up with a unidirectional causal theory of crime (Coleman, 1985; Mitchell et al., 1998). As a result of the lack of consensus in the literature regarding the causes of fraud, there is no reason to believe that the fraud triangle or any existing model can explain the majority of corporate frauds (Coleman, 1985; Colvin et al., 2002; Donegan & Ganon, 2008; Benson & Simpson, 2009; Berger, 2011). The eclectic nature of fraud does not lend itself to such an explanation. Consequently, if we are to accept that there is no unified conceptual framework to explain the causes of fraud, the fraud triangle as adopted by the ACFE, AICPA and the auditing profession cannot be seen as the only valid model to explain every occurrence of fraud. These different articulations create a space for a critical analysis of a mediated discourse on the fraud triangle (Cooper et al., 2013; Power, 2013). Before turning to the analysis of the main theoretical and conceptual tools that have been used by the ACFE to explain and understand the processes and reproduction of the branch of knowledge that has

come to represent the fraud triangle, I will first look at the theoretical approach that has been used to anchor this paper: CDA and the use of discourse.

3. Critical Discourse Analysis as a Theoretical Framework

Fairclough's (1992, 1995a, 2003, 2010) post-structuralist critical discourse analysis is a theoretical approach that focuses on the ways in which knowledge, subjects and power relations are produced, reproduced and transformed within discourse (Leitch & Palmer, 2010: 1195). In particular, CDA "sets out to capture the dynamic relationships between discourse and society, between the micro-politics of everyday texts and the macro-political landscape of ideological forces and power relations" (Luke: 2002: 100). Languages, whether written or spoken, are the "key raw materials out of which specific discourses, understood as bounded ways of representing the world, get shaped" (Fairclough, 2003: 2). CDA is particularly critical on how knowledge is maintained and legitimised through discourse (van Dijk, 1993, Fairclough & Wodak, 1997; Waller, 2006; Tupper, 2008; Chouliaraki & Fairclough; 2010). Discourse not only has pragmatic functions of persuasion and credibility enhancement but also socio-political functions of legitimisation and control (Maneri & ter Wal, 2005). As Fairclough puts it, discourse is a means of "not just representing the world, but of signifying the world, constituting and constructing the world in meaning" (1992: 64). Within this definition, the primary institutions of society - education, government and economy as interrelated systems - are largely immersed in the dissemination of discourses (Waller, 2006; Tupper, 2008; Chouliaraki & Fairclough; 2010: 1214).

3.1. Fairclough's Framework for Analysing Discursive Events

Fairclough's (1992) framework is a text oriented form of discourse that links three analytical forces when interpreting a communicative event: text, discourse practice and social practice. As can be seen in Figure 1 of Fairclough's (1995b) CDA framework, *text* represents written/spoken language such as a news report/speech; *discourse practice* represents the

process of producing, interpreting, and consuming the news report/speech; and *sociocultural practice* represents the “social and cultural structures which give rise to the communicative event of reportage” (Fairclough, 1995b: 57 emphasis added). The combined effect of these dimensions results in the dissemination of ideology and power, which is then converted into social practice.

3.1.1. Text: Micro-Level Analysis

According to Fairclough (1995b), the analysis of text is a significant part of social scientific analysis and involves a linguistic deconstruction of vocabulary, grammar and semantics above the sentence level (p. 57). Linguistic analysis is informative for understanding the structural implications in the construction of language and the micro-level properties of text (Fairclough, 1995a). Fairclough noted that a linguistic-discursive analysis of texts is concerned with a critical awareness of what is present and absent in texts, which could include “representations, categories of participant, and constructions of participant identity or participant relations” (Fairclough, 1995b: 58; see also Fairclough et al., 2004; Fairclough, 2010).

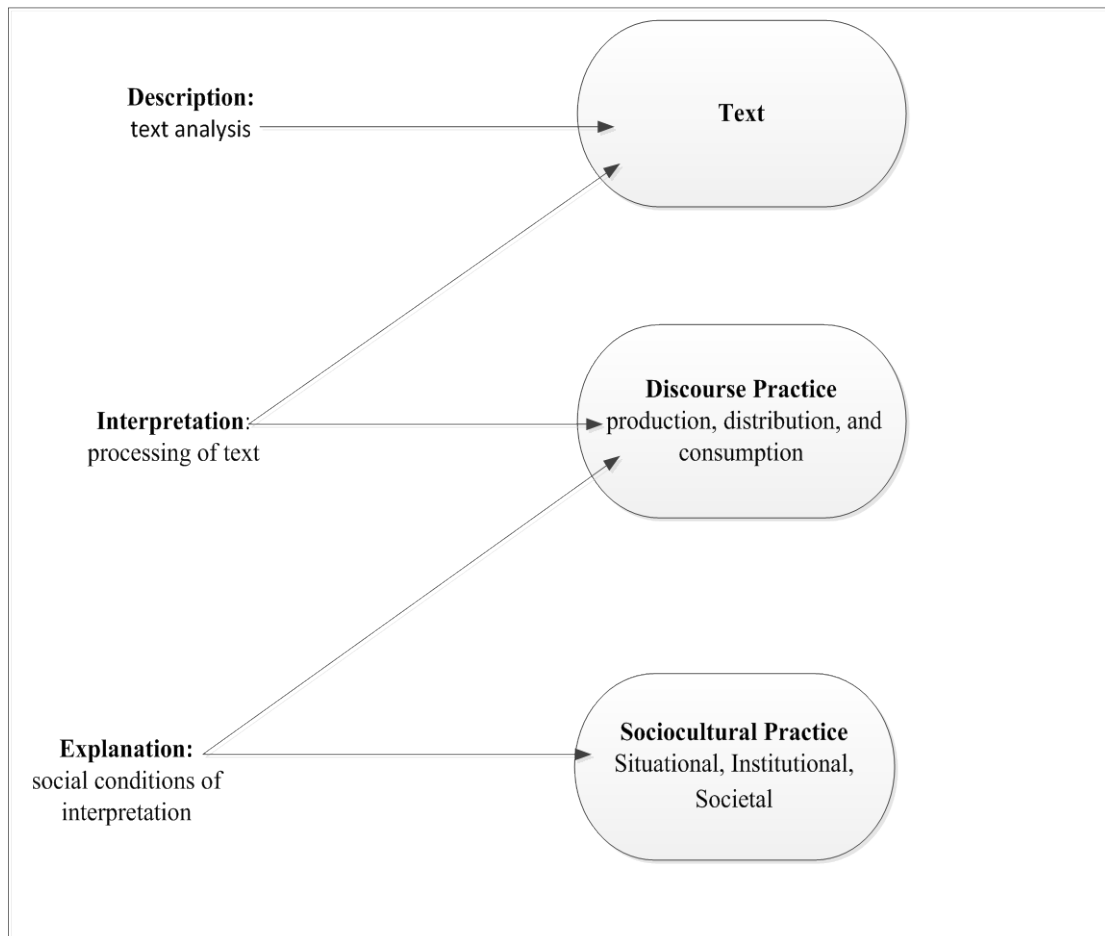


Figure 1: Fairclough's Dimensions of Critical Discourse Analysis (Fairclough, 1995a: 59).

3.1.2. *Discourse Practice: Linking the sociocultural and textual*

Discourse practice is the mediating dimension that links text to the broader social context of its production (Fairclough, 1995b: 59-60). The analysis of discourse practice involves “various aspects of the process of text production and text consumption” (p. 58). Fairclough went on to argue that discourse practice has two dimensions: institutional processes and discourse processes (pp. 58-59); institutional processes refer to “institutional routines such as editorial procedures involved in producing media text” (pp. 58-59), whereas discourse processes refer “to the transformation which texts undergo in production and consumption” (pp. 58-59). When put into context, “discourse practice straddles the division between society and culture on the one hand, and discourse, language and text on the other” (p. 60).

3.1.3. Sociocultural Practice: Macro-Level Analysis

According to Fairclough (1995b), social practice is to be understood in terms of the context of the situation (i.e., institution and societal) that gives structure and meaning to discourse (Fairclough, 2010). The analysis focuses on the wider social practice to which the discursive content belongs. Fairclough's analysis of this dimension gives relevance to three facets of the sociocultural context of discourse: economic (i.e. economy of the media), political (i.e. power and ideological dominance), and cultural (i.e. hegemonic cultural practices) (Fairclough, 1995b: 62).

3.2. CDA and Fraud

Comparatively little in-depth research has been conducted on CDA and fraud (Machin & Mayr, 2012: 63). Drawing from the work done on fraud prevention, mostly in the accounting and audit literature, this paper takes a small step towards addressing this gap. Discourse on fraud prevention and, in particular, the discursive construction of management fraud (i.e., material misstatements resulting from fraudulent financial reporting) reflects both complementary and contested ideological positions (see Tupper, 2008; Matthews, 2005; Machin & Mayr, 2012). Generally, the term 'ideology' may be understood to represent "complex ways in which meaning is mobilized for the maintenance of relations and domination" (Thompson, 1990: 8; see also van Dijk, 1993), while a more attenuated construction of the concept of ideology draws "our attention to the ways in which meaning is mobilized in the service of dominant individuals and groups" (Thompson, 1990: 73). The construction and dissemination of formal fraud discourse is one way in which professional associations responsible for perpetuating ideologies serve their own self-interests (Miller, Karunmäki, & O'Leary, 2008):

[the] analysis of fraud and wrongdoing involves the shaping of definitions and constructions of reality and what is seen as immoral, wrong or illegal. It is closely linked to the global spread of ideology and discourses that define some

practices as fraudulent, others as immoral, others as tradition, and yet others as innovative (Cooper et al., 2013:446).

From this perspective, the dominant fraud prevention framework (i.e., the fraud triangle) is an ideology that represents the interests of the authorities (in this case the ACFE) in explaining, detecting and preventing fraud (see Donegan & Ganon, 2008; Cooper et al., 2013; Morales et al., 2014). Accordingly, the spread of fraud prevention discourse conceptualised through a specific vision gains legitimacy and may work to suppress efforts and limit options for change. However, as illustrated by Morales et al. (2014), much of the peculiar discourse on what fraud is, what its causes are and who is responsible for controlling it can be disentangled with careful attention to the text that reproduces it (e.g., see Tupper, 2008; Miller et al., 2008).

As an example, Morales et al. (2014) adopted Foucaultian writings to frame and examine the origins of the fraud triangle. Their framing suggests that the advocates of the fraud triangle, implicitly or otherwise, frame the problem in such a way as to impose their own chosen solution on 'the problem'. By framing fraud as a problem that can be addressed through increased surveillance of the individual, the work of accountants and auditors is made necessary and valuable; consequently, it makes sense that the ACFE uses the fraud triangle because the fraud triangle validates its very existence. The theory here, in short, is that one's chosen solution(s) actually specify or constitute the very problem that needs to be addressed. By using a Foucaultian framing, Morales et al. (2014) were able to provide some particularly interesting and provocative insights, leading to some unexpected conclusions on the fraud triangle.² In a similar manner, discourse represents a genre of works used by professional anti-fraud and audit associations (ACFE, AICPA, and IFAC) to build a body of knowledge that is representative of the fraud triangle (see Cressey, 1953; Wells, 1997).

² I would like to acknowledge one of the anonymous reviewers for this point.

Although the discourse representing the fraud triangle is primarily grounded in Cressey's (1953) work, this genre also draws upon other acclaimed work in criminology (see Sutherland, 1937, 1949; Wells, 1997 as cited in Morales et al., 2014) to identify and analyse its components. Discourses are used to represent this dominance, taking the form of overt support to promote a particular position while occluding other alternatives outright (Fairclough, 1992, 1995a; van Dijk, 1993). It is therefore an important tool for analysing how the ideology of the fraud triangle is reproduced through institutional (i.e., the ACFE) and professional processes to secure power and hegemony over a particular body of knowledge that the ACFE claimed can detect and prevent fraud.

4. Methodology

4.1. The Case Study Approach

Cooper and Morgan (2008) advocate the case study approach to study accounting phenomena. According to Cooper and Morgan (2008), case studies can enhance research and help understand complex accounting issues (p. 165). Indeed, many have used the case study approach to study issues related to corporate fraud (Mitchell et al., 1998; Mardjono, 2005; Choo & Tan, 2007; Donegan & Ganon, 2008; Sikka, 2008; Clikeman, 2009; Mitchell & Sikka, 2011; Gabbioneta et al., 2013; Neu et al., 2013). The use of case studies allows these researchers to examine real world accounting problems in an intellectually rigorous manner (e.g. see Donegan & Ganon, 2008; Neu et al., 2013). A case study methodology facilitates holistic investigation and adds strength to the validity of previous research (see Mitchell et al., 1998; Sikka, 2008; Mitchell & Sikka, 2011). This epistemological approach allows for insights into the inquiry around a contemporary accounting phenomenon within a real-life context (Yin, 2003: 13).

In this paper, I used three illustrative cases to show where and how the fraud triangle is inadequate. To give perspective, I used CDA to direct the selection of cases. A CDA

framing provides a more solid foundation for both choosing cases and analysing them. As it pertains to the present paper, a CDA framing provides a clear justification for deciding which cases are important to the study and what to look for in these cases. The critical analysis of discourse shows how language is used to identify problems in the social order and how those in authority shape societal responses to these problems (Jaworski & Coupland: 1999: 3). Likewise, the cases are selected in a way to show how the construction of the (dominant) discourses surrounding the fraud triangle privileges events that align with the explanations of fraud supplied by the ACFE and professional auditing groups, as well as explanations of the persuasive marginalisation of "Other" in terms of the manipulation of detection and prevention models that normalise deviance within organisations (Donegan & Ganon, 2008; Mitchell & Sikka, 2011; Cooper et al., 2013; Morales et al., 2014). The discourse becomes itself more marketable and constitutes a sort of commodity in which its purveyors can market themselves through skillful use of strategies that normalise how the fraud triangle evaluates fraud (Cooper et al., 2013: 444; also see Jaworski & Coupland, 1999: 5).

Two broad themes within CDA guide the case selection process. The first of these is influenced by Fairclough & Wodak's (1997) work on the micro meaning of discourse. Here, the cases were selected on the basis of how significant the issues are in terms of the micro-level of interaction used to promote the fraud triangle. The use of language and communication are of paramount importance in the micro-level discourse (Jaworski & Coupland, 1999). The second approach draws on van Dijk's (1993) macro-level methodology and focused on the broad rhetorical strategies and central themes used to promote the fraud triangle. Power, dominance and the push for control by the ACFE of the anti-fraud market belongs to the macro-level of analysis. Eventually, a CDA has to theoretically bridge the gap between these two approaches to form a unified whole. For instance, a speech about fraud prevention at one of the ACFE's regional conferences is a discourse at the micro-level of

interaction, but at the same time, may be published as a constituent part of the ACFE's examination toolkit and reproduce on a more macro-level (see Morales et al., 2014: 172).

In employing these approaches, the cases were selected to consider ways in which certain discourses of normality constitute a specific vision of fraud and how these particular discourses fail to capture other elements of behaviour as fraudulent and illegal. The issue at the heart of the case studies selected strongly reflects the growing tensions between how the ACFE and professional auditing groups frame the events related to fraud and how the broader anti-fraud community interpret these events (see Dorminey et al., 2010; Mitchell & Sikka, 2011; Cooper et al., 2013; Morales et al., 2014). These were cases where the frauds were complex and did not involve non-shareable financial pressure; they were the products of collusion; and the fraudsters did not need to rationalise their actions. Each case shows how the construction of a particular discursive event can work to misrepresent what comes to be known as fraud. The selected cases are a function of their relevance in that if the fraud triangle does not represent every occurrences of fraud, then it is essential to examine and evaluate its application and consequences essentially from the cases point of view.

By reading various news outlets and the Securities and Exchange Commission's ("SEC") Accounting and Auditing Enforcement Releases, I was able to collate a shortlist of cases for which there was sufficient information to carry out a critical analysis of the discourses used to promote the fraud triangle. Secondary evidence from newspaper reports was also used in the research. The cases involved both individuals working for the corporate entity and the corporate entity themselves. This case selection approach will allow for an evaluation of the fraud triangle's concepts from both a solo-offending (individualized) and co-offending (collective) perspective in fraud (also see Free & Murphy, 2013). To provide a diversity of perspectives and industries, I used cases from a huge multinational retail corporation (Walmart), a global financial service firm (Lehman Brothers), and a professional

service company (KPMG). The cases represent a general trend and in the case of Lehman, precipitated the GFC and triggered a public debate on fraud among global banks in the U.S and elsewhere. The detailed examination of these cases represents a class of phenomena and provides reliable information that is symptomatic of a much broader problem (see Flyvbjerg, 2004). The objective was to select cases that will (1) provide the greatest insights into areas where the fraud triangle seems inadequate, and (2) give the greatest possible amount of information that will allow for an analysis of the legs of the fraud triangle.

All of these cases are relatively familiar having received significant media coverage since 2002. Each case contains a brief discussion of the material facts surrounding the fraud, and then presents information to highlight the inadequacy of the fraud triangle. While none of the cases are perfect examples, they provide enough evidence to allow for a CDA that challenges the theoretical underpinnings and practical relevance of the fraud triangle. The cases are dealt with as single units (a relatively bounded accounting phenomenon), where the aim is to elucidate features of a larger, more profound set of similar phenomenon that are reflective of corporate frauds (Gerring, 2004: 341).

4.1.1. Case 1: Thomas Coughlin, Walmart Executive

In 1978, Thomas Coughlin, a graduate from the California State University (East Bay), began his career in the securities division and eventually became Vice President of Loss Prevention at Walmart. Over the years, Coughlin worked his way up to becoming the Vice-Chairman, arguably one of the most powerful positions in the organisation. From 1998 to 1999 he served as the Executive Vice President and Chief Operating Officer of Walmart Stores Division. In 2001, he became a director of ChoicePoint Inc., a data aggregation company listed on the New York Stock Exchange (NYSE) and also a member of Walmart's Board. From 2002 to 2003, Coughlin served as Executive Vice President and President and Chief Executive Officer of Wal-Mart Stores Division. In 2003, he became Executive Vice

President and Vice Chairman of Wal-Mart Stores, Inc. (USA). On December 6, 2004, Coughlin announced that he would retire from Walmart's Board in January 2005 after 25 years with the Company. In March 2005, Walmart announced that Coughlin had resigned his seat from Walmart's Board because of an internal investigation into allegations of fraud and deceit. According to a *Wall Street Journal's* article, Coughlin

periodically had subordinates create fake invoices to get Walmart to pay for his personal expenses. The questionable activity appears to involve dozens of transactions over more than five years, including hunting vacations, a \$1,359 pair of alligator boots custom-made for Mr. Coughlin and a \$2,590 dog pen for Mr. Coughlin's Arkansas home (Bandler & Zimmerman, 2005: para. 4).

The article goes on to note that the total estimate of the fraudulent transactions were between \$100,000 and \$500,000 over three to five years (para. 6). In July of 2005, Walmart turned the matter over to the United States Department of Justice. When the charge first surfaced in April of 2005, Coughlin claimed that, "the money was spent on anti-union activities such as paying people to identify stores where union leaders planned to recruit, according to a source familiar with the matter" (Barbaro, 2005: para.1). In January of 2006, Coughlin pleaded guilty to five counts of wire fraud and one count of filing false tax returns — all felonies committed while serving on Walmart Board. Coughlin avoided prison time but was sentenced to 27 months of home detention and five years probation; he was also ordered to pay \$50,000 fines and about \$411,000 in restitution to Wal-Mart Stores, Inc. (Voris & Boulden, 2006: para. 2).

4.1.2. Case 2: Scott London, KPMG Partner

Scott London, age 50, of Agoura Hills, California, is a certified public accountant ("CPA") who was licensed to practice in the states of California and Nevada. London was employed at KPMG from 1984 until his resignation in 2013. At the time of the offence, he was the Partner-in-Charge of Southern California's regional audit practice and served clients in California, Arizona and Nevada. London was also the Lead Audit Engagement Partner on

the Herbalife, Ltd. (“Herbalife”) and Skechers USA, Inc. (“Skechers”) engagements. During his 2009 to 2011 audit engagement period, London served as the Account Executive for footwear designer Deckers Outdoor Corp (“Deckers”).

Due to his position at KPMG, London had access to material non-public information about many of the firm’s clients (*Securities and Exchange Commission v. Scott London et al*, 2013). On at least 18 occasions between October 2010 and February 2013, Scott London, the former partner of KPMG, was charged with criminal insider trading for disclosing the material non-public information of five audit clients to a friend, Bryan Shaw, who traded in the companies’ securities prior to their corporate announcements. It is estimated that Shaw used the information to make \$1.27 million in illegal trading profits (Pfeifer, Hamilton & Chang, 2013; *Securities and Exchange Commission v. Scott London et al*, 2013). The clients affected by London’s auditor independence rule violations were Herbalife, Skecher, Deckers, RSC Holdings, Inc., and Pacific Capital Bancorp. London’s friend in turn rewarded him with \$50,000 in cash and \$70,000 in kickbacks for the information (Wells, 2013: para. 6). London pleaded guilty to insider trading and faces up to 20 years in federal prison. In April of 2014, London was sentenced to 14 months in prison and ordered to pay a \$100,000 fine.

4.1.3. Case 3: Lehman Brothers

Lehman Brothers (“Lehman”) was founded in 1850 by German immigrants Henry Lehman and his brothers, Emanuel and Mayer. While Lehman prospered over the intervening decades, it had to endure many challenges: the Great Depressions of the 1930s, two World Wars, and the Russian debt default of 1998, amongst others. However, despite Lehman’s ability to withstand these challenges, the subprime mortgage crisis brought the once largest investment bank hurling headlong to the ground.

Lehman's troubles started with its decision to enter the real estate business in 2003 during the U.S. housing bubble. At first, this decision under their Chief Executive Officer ("CEO") Richard Fuld seems credible. Record growth from Lehman's real estate business enabled revenues in the capital markets unit to surge to 56% between 2004 and 2006. In 2006, the Company securitised \$156 billion of mortgages, which represented a 10% increase from 2005. For the full 2007 fiscal year, Lehman reported a record net income of \$4.2 billion on revenues of \$19.3 billion (from \$17.6 billion for the 2006 fiscal year).

In 2007, cracks began to surface in the U.S. housing markets with an increasing number of defaults. Lehman started to suffer losses and resorted to illegal techniques to mask its loss. To hide its unhealthy financial position, Lehman resorted to a window dressing technique called Repurchase Agreement (Repo 105) (Jeffers, 2011). Repo has historically been used to allow companies to manage their short-term cash, but "in Lehman's case, these transactions took on an unusual spin that were designed to make Lehman's balance sheet appear to look healthier than they actually were" (p. 46). Repo 105 allowed Lehman to use arcane accounting techniques to sell toxic assets to banks in Cayman Islands with the understanding that they would eventually be bought back. With the help of its auditors, this accounting manoeuvre was engineered to allow Lehman to create an impression that it had \$50 billion more in cash and \$50 billion less in toxic assets on its books and artificially reduce its net debt level (Valukas, 2010: 42). It was no surprise therefore that Lehman declared bankruptcy with \$615 billion in debt.

Table 1-1: Summary of the Cases

Facts	Thomas Coughlin, Walmart Executive
Company Type	A retail corporation
Fraud Type	Misappropriated funds from Walmart between \$100,000 and \$500,000
Main Players	Thomas Coughlin
How He Did It	Created fake invoice to get Walmart to pay for his expenses
How He Got Caught	Investigation by the FBI and U.S. Department of Justice
Penalties	5 years probation; 27 months home detention; pay \$50,000 fine and \$411,000 in restitution to Walmart and the Internal Revenue Service
Facts	Scott London, KPMG Partner
Company Type	Professional accounting firm
Fraud Type	Insider trading
Main Players	Scott London
How He Did It	Gave confidential information of companies he audited to a friend in exchange for cash bribes and luxury items
How He Got Caught	FBI investigation
Penalties	Sentenced to 14 months in Prison; ordered to pay a \$100,000 fine
Facts	Lehman Brothers
Company Type	Investment firm
Fraud Type	Hid \$50 billion in toxic asset
Main Players	Lehman's executives Richard Fuld, Erin Callan, its accountants, and the Company's auditors, EY
How They Did It	Sold toxic asset to banks in Cayman Island to create the impression that Lehman had \$50billion more in cash
How They Got Caught	Forced into bankruptcy
Penalties	No penalties imposed by SEC because of lack of evidence

5. The Role of Discourse in Conceptualising “Fraud”

Fraud categorised as “white-collar crime” has been the focus of a great deal of research in criminology and sociology (Power, 2013: 526; Cooper et al., 2013: 441; Lynch, McGurrin, & Fenwick, 2004: 390-391). To understand how the term ‘fraud’ has been conceptualised in the literature, it is necessary to begin with historical work on the definition of white-collar crime. Ever since Sutherland (1949) coined the term ‘white-collar crime’, the definitional problem of what constitutes “fraud” has proven to be an “intellectual nightmare” (Geis & Meier, 1977: 25; see also Berger, 2011). Despite the fact that in inaugurating the concept Sutherland went to great lengths to define white-collar crime both through

elaboration and examples, debate continues as to the proper definition of the term (Coleman, 1985; Gottfredson & Hirschi, 1990; Lynch et al., 2004).

Central to this debate is the discomfiting picture of crimes committed by people in certain respectable occupations (physicians, lawyers, government bureaucrats etc.). In Sutherland's view, "white-collar crime may be defined approximately as a crime committed by a person of respectability and high social status in the course of his occupation" (Sutherland, 1949: 9). A closer look at Sutherland's definition establishes the individual's status, occupation, and organisational affiliation as central to the definition of white-collar crime (Weisburd, Waring & Chayet, 2001: 8). Specifically, Sutherland "associated the term 'white-collar crime' with the individual (business managers and executives) and their organizational circumstances" (Croall, 2001: 3; Morales et al., 2014: 174). In distinguishing between macro and micro-sociological explanations of crime, Berger suggests that macro-sociological theories focus on the broader historical, economic and political factors that affect organisations whereas micro-sociological theories "focus on the link between individual actors and their immediate organizational circumstances" (Berger, 2011: 27). Accordingly, if one is to follow Berger's delineation, Sutherland provides a micro-sociological explanation of white-collar crime (Berger, 2011: 35–36; see also Morales et al., 2014: 174).

Sutherland's (1937, 1945, and 1949) works had a significant impact on Cressey. In addition to Cressey's (1953) landmark work on embezzlement, he was instrumental in continuing the work of Sutherland (see for example *Principles of Criminology*, Sutherland & Cressey, 1966). Cressey (1953) was particularly interested in occupational fraud and the circumstances that lead occupational offenders to become 'trust violators'. In developing the three elements of what later became known as the fraud triangle, Cressey (1953) like Sutherland (1949) considered fraud to be an individual problem (Morales et al., 2014). This observation was made by examining embezzlement (rather than other white-collar crimes) as

a crime perpetrated by an individual acting alone for financial gain (Cressey, 1953: 30). In this restricted view, Cressey (1953) defined white-collar crime as an act “perpetrated by an individual acting alone, motivated by personal gain, and for which he has betrayed a position of trust that he had initially accepted in good faith” (Morales et al., 2014: 175). In putting forward his definition, it is evident that Cressey’s (1953) focus was “on phenomena located within the individual – perceptions, opinions and justifications that one gives to oneself” (p. 176). The implication therefore is that Cressey (1953) saw the causes of crime as being rooted within the individual’s psychology rather than the social environment and, as such, provided an individualistic explanation (Berger, 2011: 27 & 30; Morales et al., 2014: 171).

Until recently, Sutherland’s (1949) micro-sociological approach and Cressey’s (1953) individualistic explanations on the etiology of fraud have occupied a prominent place in the accounting and audit literature (Albrecht, Howe, & Romney, 1984; Albrecht et al., 2004; Lehman and Okcabol, 2005; Rezaee, 2007; O’Connell, 2007; Ramamoorti, Morrison & Koletar, 2009; Cohen et al., 2010; Jones, 2010; Razaee & Riley, 2010; Sikka, 2010a, 2010b; Cooper et al., 2013; Dellaportas, 2013; Free & Murphy, 2013). This explanatory attempt has gained ascendancy and is built on a construction that sees fraud as being rooted in the individual’s frail morality; it invariably takes the character of the apparently deviant individual(s) into question (Morales et al., 2014: 177; Power, 2013: 526). Fraud is centred on “individual acts of moral deviance” (Morales et al., 2014: 177) and is associated with a neurotic personality (Dorminey et al., 2010), a Machiavellian attitude (Murphy, 2012), and an industrial psychopath’s deceit for financial gain (Ramamoorti, 2008; Brazel, Jones, & Zimbelman, 2009; Murphy & Dacin, 2011; Albrecht et al., 2012; Brody, Melendy & Perri, 2012). Psychological traits such as dishonesty, greed and self-interest are seen as the main motivations for fraud. This dominant perspective of fraud considers it to be an abnormal

phenomenon, perpetuated by rational actors who make decisions that are not influenced by their situational context (Palmer, 2012).

5.1. Power Enhancement and Discourse Production in Identifying and Addressing Fraud Risk

Following on from a discursive practice that contextualises ‘fraud’ as being rooted in the individual psychology of the fraudster, it is not surprising that the discourse on surveillance techniques has enabled fraud prevention to be viewed in more specific ways (Cooper et al., 2013: 453; see also AICPA, 2002; Wolfe & Hermanson, 2004; IFAC, 2006; Power, 2013; Williams, 2013). The need to establish a micro-sociological perspective on fraud has steered prevention efforts towards organisational surveillance of individual ethics (Wells, 1997: 3-6; Albrecht & Albrecht, 2004: 5; Dellaportas, 2013: 31-32; Free & Murphy, 2013: 6; Power, 2013: 526; Morales et al., 2014: 15-16), and has focused fraud prevention efforts “on how to impact potential fraudsters’ decisions not to commit fraud” (Cooper et al., 2013: 443). This method of preventing and detecting fraud has created a new category of risk known as fraud risk, which is designed to aid auditors in identifying and acting on signals of potential fraud (Strand Norman et al., 2010; Power, 2013). Within this discourse, fraud risk is seen as ontologically different from ‘fraud’ as fraud itself is considered to be a disruptive event (Power, 2013). Fraud risk is conceptualised in terms of giving "prominence to the power of ideas and specific conceptions of individuals, organizations and society" (Cooper et al., 2013: 450). Rather than being a matter of common sense and functional necessity, the rise of fraud risk management as a functional response to the incidence of fraud is emblematic of a distinct liberal project of “individualization and responsabilization” in corporate governance discourse (Power, 2013: 526). ‘Fraud risk’ gives prominence to individuals and organisations and “is positioned as an object in a wider system of rules for talking about, acting on and governing organizations in the name of risk” (p. 526).

In other contexts, it is the discourses and practices of regulatory activities that enable fraud risk and prevention techniques to be understood in specific ways (Cooper et al., 2013; see also Williams, 2013). In his account on securities regulation in Canada, Williams (2013) depicted ‘regulatory technology’ in terms of “active agents proactively scanning available market data for signs of trouble and then feeding the results to their human counterparts” (Williams, 2013: 545). Ultimately, for Williams (2013), the key question is “how technology shapes the field, scope, and logics of regulatory engagement producing particular forms of disorder to the exclusion of others, all the while constituting ‘finance’ and ‘the market’ itself in the process” (p. 545). Williams made references to enforcement gaps and regulatory omissions whereby the use of certain technologies creates a specific vision of fraud and, inversely, fails to identify other potentially fraudulent problems that are outside their gauge (Williams, 2013: 553-555). Existing technology defines events that are labelled as ‘fraud’ and ‘fraud risk’ because their effectiveness is dependent "on machine readable information and have difficulty identifying complex and innovative accounting and financial statement frauds" (Cooper et al., 2013: 451). These frauds rarely come to light because they are subsumed under "the smooth surface of algorithms and technological outputs... framed in terms of the sound principles of technocratic inquiry and disinterested deliberation” (Williams, 2013: 555).

To the extent that regulators are using ‘regulatory technology’ to detect potential misconduct, they play a critical role in shaping acts that have come to be seen as fraud and by extension the boundaries of enforcement (see Preda, 2009). Of course, the major actors (in this case market agents) are no doubt aware of the limits of these ‘regulatory technologies’ and have adjusted their practices accordingly (Neu et al., 2013; Braithwaite, 2013). These practices have become part of the rules of the game to the extent that they “alter market activities and potentially exacerbating existing financial risks” (Williams, 2013: 555). The

reality therefore is that, as with most forms of corporate policing, fraud detection and prevention are constituted between a vast and decidedly amorphous ‘dark figure of crime’ and a series of rather limited detection devices, interpretive capabilities and carrying capacities (Williams, 2012: 112). Routine fraud perpetrated by insiders becomes normalised and egregious behaviour by outsiders is the focus of prosecution (Cooper et al., 2013: 451). The failure of regulatory technologies to detect fraud risk outside of their gaze suggests legitimate and orderly financial markets (Preda, 2009). Adopting this subterranean cluster of narratives and discourses around fraud prevention “ignores the wider economic and institutional context and issues of power, thereby ignoring macro social and economic dimensions (such as poverty) and occludes other models and understandings of fraud” (Cooper et al., 2013: 444).

5.2. Unpacking the Institutional and Societal Context of Fraud

Accounting and auditing research privileges the psychological explanation and downplays the socio-political explanations of fraud and fraud risks (Morales et al., 2014: 176). In so doing, the institutional and social forces nurturing fraud escape scrutiny and, consequently, exonerate the social system. The approach taken here is to widen the horizons of the research and to draw on diverse disciplines that have addressed the social-psychological, structural variables and macro-level features of fraud both in organisations and in society (see Lynch et al., 2004; Cooper et al., 2013). This interdisciplinary review highlights a significant body of work on white-collar crime and recognises that fraud can take shape through individual, collective or systemic forms (Cooper et al., 2014). The effort has raised different questions and provides new understanding of the term ‘fraud’ (see Sutherland, 1949; Croall, 2001; Choo & Tan, 2007; Donegan & Ganon, 2008; Gabbioneta et al., 2013; Neu et al., 2013; Williams, 2013; see also Murphy & Dacin, 2011; Murphy 2012; Dellaportas, 2014). Fraud has been examined in different substantive areas taking into

consideration the various practices and situational contexts in which it occurs (Choo & Tan, 2007; Donegan & Ganon, 2008; Palmer, 2012; Cooper et al., 2013; Gabbioneta et al., 2013; Neu et al., 2013). These different nuances and associations have contextualised fraud as a common occurrence perpetrated by rational actors whose behaviours are shaped by their social and environmental contexts (Palmer, 2012; Powers, 2013; Morales et al., 2014); if the occurrence of fraud is treated as a phenomenon that is socially constructed, it becomes apparent that situational and organisational factors must be part of the discourse (see Gabbioneta et al., 2013).

5.2.1. The Institutional Processes and Practices that Influence Fraud

Recent research has described the way in which institutional processes and practices influence fraud (Sikka, 2010a, 2010b; Gabbioneta et al., 2013; Neu et al., 2013; Davis & Pesch, 2013). Gabbioneta et al. have emphasised “how *institutional arrangements* can be unwitting accomplices to corporate illegality, initially by encouraging its occurrence (through the mechanism of institutional endorsement), and then by providing opportunities for its concealment (through regulatory loopholes, and the mechanism of institutional ascription)” (Gabbioneta et al., 2013: 16 emphasis added). Here, Gabbioneta et al. (2013) highlight the limitations of the fraud triangle model (Cooper et al., 2013). Organisations have rules that senior officers are expected to follow to achieve organisational goals, however although rules are prescribed, evidence abounds that pressure from the top encourages officers to transgress these rules in order to meet financial targets (Free et al., 2007; Everett, Neu & Rahaman, 2007; Cohen et al., 2010; Sikka, 2010b; Free & Murphy, 2013).

Sikka's (2010b) work on tax evasion and avoidance is instructional here. He (2010b) notes that companies legitimise their social credentials by promising responsible and ethical conduct; however, organisational culture and practices are not necessarily aligned with these publicly espoused claims (p. 153). His work draws attention to the gap between corporate

talk, decisions and action culminating in organised hypocrisy in regard to what corporations say and do, particularly as they need external legitimacy whilst internal practices pursue profits at almost any cost (p. 165). The systemic pressure to maximise profits has led corporations to develop two distinct cultures:

one promises ethical conduct to external audiences and this is decoupled from the organisational practices which are geared to improving profits by avoiding and even evading taxes. In essence, companies have developed elaborate practices to appropriate returns due to society on its investment of social capital (p. 165).

The two ultimately cannot be reconciled and thus implode (e.g. at Enron, WorldCom, etc.), thereby exposing organised hypocrisy.

Davis and Pesch (2013) used an agent-based model to explore fraud dynamics in organisations. Their paper fits within the rational choice decision-making model of fraud and examines how bounded actors weigh up their options and choose particular fraud related behaviour (Cooper et al., 2013). They also state that in organisations where there are no *formal rules* to combat fraud, the rate of emulation between heterogeneous moral agents impacts dramatically upon fraudulent activities in the organisation (pp. 480-481 emphasis added). In their model, individual heterogeneous agents, each of whom could have the motive and opportunity to commit fraud along with a pro-fraud attitude, interact with each other (p. 469). The actors operate within a 'social network' (a set of co-workers) characterised by its own rules, which provides a mechanism for the cultural transmission of a pro-fraud attitude (p. 469). Their benchmark model identified two classes of organisations. In organisations with low levels of interaction and emulation fraud tends to be fairly stable (pp. 480-481), whereas in organisations where there are high levels of interaction and emulation among heterogeneous agents fraud dynamics are characterised by extreme behaviours that result in an unstable incidence of fraud (pp. 480-481). The idea that there are two types of organisations conducive to fraud when there are no rules reinforce the findings of Greve et al.

(2010) that all organisations, irrespective of their performance history, are prone to fraud (see also Cooper et al., 2013).

Fraud issues not only include organisational designs that are conducive to fraudulent behaviours but also how common practices influence such conduct (Neu et al., 2013). Relying on the institutional sociology of Bourdieu, Neu et al. (2013) used data from the Canadian government's sponsorship scandal (1994–2003)³ to demonstrate how the 'skilful use' of mundane accounting practices and social interactions around these practices facilitate fraud. In their analysis, they emphasised that the "involved accounting practices" or the habitus of the corporation were an embodied form of capital that depended upon a deep understanding of the institutional context and the ability to imagine and use bookkeeping and accounting concepts in ways that facilitated corruption (Neu et al., 2013: 520).

Braithwaite's (2013) socio-legal analysis of tax compliance and avoidance echoes the problems highlighted by Neu et al. (2013). Braithwaite (2013) suggests that most taxpayers want an "honest, low fuss" tax adviser over a game player who aggressively pursues loopholes" in markets of virtue ('goods') (Braithwaite, 2013: 459; see also Braithwaite, 2005); however, at the same time Braithwaite argues that there is a demand for aggressive tax avoidance schemes in markets of vice ('bads') (p. 459). Tax advisors who aggressively put up new shelters will use these schemes to entice their clients before the shelters are shut down by the relevant authorities (see also Sikka, 2010b; Otusanya, 2011). Braithwaite's (2013) account shows how individuals (tax advisors) and their respective firms comply at levels that seem to have economically irrational virtues. Like Neu et al. (2013), Braithwaite's (2013) analysis emphasises the practices used by professionals to bend the rules in favour of their clients. Perhaps it is the institutional pressure to maximise profit that forces corporations to break the rules (Jackall, 1988; Sikka, 2010a, 2010b; Otusanya, 2011). This practice of

³ The Canadian government's sponsorship scandal (1994-2003) was a national unification scheme that saw approximately \$50 million diverted into the bank accounts of political parties, program administrators, and their families, friends and business colleagues (see Neu et al., 2013: 505).

prioritising profitability rather than ethical conduct becomes institutionalised as individuals internalise the values and norms that condone such practices (See Galbraith, 2004; Sikka & Hampton, 2005; Sikka, 2008; Braithwaite, 2013; Gabbioneta et al., 2013).

Fraud is therefore a negotiated construction (Brytting, 2011: 33-34). The acts and events that are labelled as fraud (and normality) are decided by actors in positions of authority (Galbraith, 2004; see also Williams, 2013). Fraud in corporations is the natural order of things; it is the result of an institutionalised structure where actions which are taken for granted are assimilated as normal into the corporate culture by certain individuals and perpetuated with good intentions, while for others these same actions are implicit and carry with them a considerable burden of malice and deception (Galbraith, 2004). Galbraith goes on to argue that it is not shareholders or directors that are the leaders of corporation; it is the management which is able to set its own incentive system to reward their performance.

Galbraith's (2004) attestation is worth quoting at length. According to Galbraith,

[r]eference to corporate management compensation as something set by stockholders or their directors is a bogus article of faith. To affirm this fiction, stockholders are invited each year to the annual meeting, which, indeed, resembles a religious rite. There is ceremonial expression and, with rare exception, no negative response. Infidels who urge action are set aside; the management position is routinely approved. The shareholders who previously suggested some social policy or environmental concern have their proposals printed with supporting argument. These are uniformly rejected by management... No one should be in doubt: Shareholders – owners – and their alleged directors in any sizable enterprise are fully subordinate to the management (Galbraith, 2004: 34).

Galbraith (2004) argues that these practices by corporate shenanigans become normalised and only become fraudulent or illegitimate in retrospect. Thus, Galbraith (2004) highlights what he characterises as “innocent fraud”; that is, he draws attention to how negative and harmful practices in corporate life can become respectable and even institutionalised (Galbraith, 2004; see also Sikka, 2010a; Davis & Pesch, 2013; Gabbioneta et al., 2013). The collapse of Enron, other unrelated incidences of corporate fraud (Quest, Tyco International, HealthSouth, Parmalat for example), and negligent auditing (Arthur Andersen) all demonstrate how fraud

is consumed and regularised by the fraudulent mechanics of a fraudulent system (i.e. modern capitalism) (Galbraith, 2004; see also Ashforth & Anand, 2003; Sikka, 2010a). These are all painful corroborations of the reality of a state of innocence in which corporate officers used to believe themselves to remain, which they never stopped believing until they were eventually caught; this is the reason why the fraud is considered innocent (Galbraith, 2004). Thus, the notion of responsible governance in modern capitalism may actually nurture fraudulent practices (Power, 2013).

5.2.2. Societal Context and Structural Features that Influence Fraud

The societal context in which organisational illegality takes place is the outcome of a complex systematic process that relies on the interaction between individual, structural and environmental factors (Cooper et al., 2013). This sociological view considers fraud to be less the result of individual deviance and more the cause of societal pressures (Braithwaite, 1985; Coleman, 1985, 1987; Poveda, 1994; Free et al., 2007; Donegan & Ganon, 2008; Mitchell et al., 1998). Indeed, as Coleman explains, personalise crime stories that seek out an individual villain as a target for public outrage ignore the structural forces (Coleman, 1985: 14-16). As a matter of fact, "many organizational crimes cannot be attributed to any single individual, but only to the kind of impersonal social forces that the media all but ignore" (p. 16).

From conception onwards, an individual's moral and cognitive development is strongly influenced by their physical environment and interactions with societal groups and institutions that are embedded in the social system (Coleman, 1987). This interactive socialisation process has an impact on the transmission of traits associated with fraudulent behaviour (Gabbioneta et al., 2013; Neu et al., 2013). For many, personality traits guide behaviour and can have an impact on a person's preferences as they engage with the wider social system (Braithwaite, 2013). As individuals become more engaged with the world around them, their liberal or conservative ideologies are shaped by the influx of information

that is disseminated through communication media (Cooper et al., 2013). The discourse that is disseminated is one that encourages the general public to value monetary success and social status over respect for humanity; those that are recognised as having achieved such success have their affluent lifestyles splashed across magazines, websites and television channels.

Rarely, however, is the complete story of the successes and failures depicted in such non-fiction media; instead, a glossy snapshot of the rags-to-riches story is given and the victims of the wrongdoings that took place along the way are ignored or swept under the carpet (Messner & Rosenfeld, 1994; Galbraith, 2004; Braithwaite, 2013). In a society that is ever-changing and coupled with an increasing reliance upon the internet for information, the real stories are starting to take shape and they are not pleasant. The leaders of the future are lying, cheating and using manipulation as necessary components of institutional, political and social life (Galbraith, 2004; Braithwaite, 2013; Neu et al., 2013). Mottos such as "if you ain't cheating, you ain't trying" and "you only live once (YOLO)" are the underpinnings and justifications behind such vices (see Murphy & Dacin, 2011; Murphy, 2012). This line of discourse views fraud as socially constructed and is considered to be one of those phenomena which are particularly sensitive to and symptomatic of a more pervasive and generalisable characteristic within a wider social, economic, legal and political framework (see Braithwaite, 2013; Cooper et al., 2013). An individual's behaviour is embedded within organisational contexts where actions "are shaped by social influence processes – such as norms of reciprocity, social comparison, and dissonance reduction – by which individuals might be drawn into and then become caught within a flow of wrongdoing" (Gabbioneta et al., 2013: 486).

In searching for explanation of the correlates of wrongdoing, consideration must be given to the wider societal context and how it shapes a person's intellectual and moral

development (Coleman, 1987); from this perspective, crime is learned and becomes routine (Ashforth & Anand, 2003; Galbraith, 2004; Murphy & Dacin, 2011; Murphy, 2012). The challenge is to unpack the politics of this learning to gain insights into how the text of fraud discourse is constructed, produced, consumed and regularised.

6. Applying the CDA Analytical Framework

6.1. CDA and the (De)construction of Pressure to Commit Fraud

6.1.1. Level of Analysis: Text

The perceived need for money as articulated by Cressey (1953) may well be a necessary ingredient for fraud to occur (Choo & Tan, 2007; Brytting et al., 2010). Even though Wells, the founder of the ACFE, acknowledged the notion of non-sharable financial problems in his reconstruction of Cressey's (1953) work, he replaced it with the notion of 'pressure' (Wells, 1997: 11). Furthermore, inspired by the fraud triangle, the professional accounting bodies (AICPA, 2002, paragraph 31, p. 16; see also IFAC, 2006, paragraph 24, section A25, p. 174) have extended the chain of translation with the notion of "incentive/pressure" (Morales et al., 2014: 182). As in Wells' (1997) work, the non-shareable financial problem has disappeared and been replaced with an "incentive" or "pressure" to commit fraud (p. 182).

The redefinition of Cressey's (1953) "non-sharable financial pressure" allows for an understanding of the deformation mechanisms at work in reformulating the concept as it is understood in criminology and redeployed in the fraud and auditing community (Morales et al., 2014: 182). A focus on this redefinition can offer a strategic approach that allows analysts to deconstruct the ideological discourse that has come to represent the incentive/pressure element of the fraud triangle. The substantive translation misses a central aspect of Cressey's (1953) thesis whereby a "sequence of events" is present when a violation occurs and is absent when there is no violation (Cressey, 1953: 12). Thus, it endorses the notion that individuals

who are subject to incentives or situational pressures will commit fraud (Morales et al., 2014: 182). Replacing the concept of Cressey's (1953) non-sharable financial problem with the ACFE and AICPA's construction of 'incentive and pressure' means that the identification of factors that may have led the individual to commit fraud is pushed even further into the background (Morales et al., 2013: 182). The notion that the management and/or employees have an incentive or are under pressure is based on the assumption that they have "a reason to commit fraud" (AICPA, 2002, paragraph 7, p. 8, as cited in Morales et al., 2013: 182), for example the pressure faced by management bodies to manipulate their financial targets in order to meet Wall Street's expectations (see Greve et al., 2010).

6.1.2. Level of Analysis: Discourse Practice

At the discursive practice level, each of these choices (incentive and pressure) allows the ACFE and by extension the anti-fraud establishment to set up the basic shape of an enterprise through which their choices of fraud discourse are represented. It allows them to foreground a meaning that privileges an explanation based on the incentive/pressure to commit fraud and background other possible causes. This meaning was contextualised by the anti-fraud community to pigeonhole fraud in the realm of the specific; individuals commit fraud in conditions involving sufficient incentives and pressures (AICPA, 2002, paragraph 31, p. 16; Power, 2013: 526). The area of interest in this individualised discourse is that "personal incentives and perceived pressure drive human behavior" (Ramamoorti, 2008: 525), while the area of salience is that judgment is readily passed on moral deviants who succumb to financial pressures without looking at the structural variables and macro-level features that have shaped their behaviour (Morales et al., 2014: 178; see also Lynch et al., 2004; Free et al., 2007; Donegan & Ganon, 2008; Cooper et al., 2013).

6.1.3. Level of Analysis: Sociocultural Practice

With regards to sociocultural practice, it is important to note that at the institutional level the ACFE as authorities of the discourse and its support cast of professional auditing groups have foregrounded certain features and suppressed others in their translation of "non-shareable financial pressure" (Cressey, 1953). They decide what to include and what to exclude from the discourse; how the discourse is represented in the anti-fraud community; how the construct of "pressure" is conceptualised; and where boundaries are placed in this conceptualisation. The point is that the meaning of 'incentive/pressure' is not governed by objective criteria, but rather by the structural conventions necessary to promote a specific vision in which certain types of behaviour are classified as the incentive/pressure to commit fraud and are endorsed and promulgated as one of the prerequisites of the fraud triangle (Peecher, 1996; Hogan et al., 2008; Murphy, 2012). Indeed for some, the need to act fraudulently may arise from incentives/pressure; for others however, fraudulent behaviour could simply be dependent upon a range of macro-level factors not accounted for by the ACFE's discourse (Fitzsimons, 2009; Murdock, 2008; Rae & Subramaniam, 2008).

6.1.4. The Reconceptualised Pressure Leg Applied

To analyse how text and the discursive processes that have come to represent the "pressure" to commit fraud are restricted in their explanation across contexts, returning to the cases involving Coughlin and London may be valuable. Coughlin was an icon, at one time was the Vice-Chairman – the second highest rank executive – and he was a candidate to become the CEO. He worked at Walmart for 25 years, five of them as the second most powerful executive within the Company. What makes this case even more interesting is that in the year immediately prior to his resignation, Coughlin's compensation topped \$6 million (Bandler & Zimmerman, 2005: para. 6). Stealing items "worth just a fraction of the millions of dollars he earned in salary, bonuses and stock options" seems rather petty for a man of

Coughlin's means (Associated Press, 2006: para. 4); indeed, risking \$6 million in annual compensation for a \$500,000 payoff along with the reputational damage that comes with getting caught does seem rather irrational (see also Dorminey et al., 2010: 20).

Likewise, in the insider trading case involving London at KPMG, the fraud triangle's component of pressure was by far the least possible motive for committing the fraud. After his plea, in a webcast on ethics for the AICPA, London was quick to admit that he "didn't do it for money" and further reasoned that the money he accepted "was not material to [his] income level" (Pfeifer, 2013: para. 7-8). Nevertheless, the risks taken by London are evident in other cases of millionaire CEOs and partners perpetuating corporate fraud (pp. 20-21).

The conduct exhibited by Coughlin and London are inconsistent with the discourse disseminated by the ACFE and the AICPA in the pressure leg of the fraud triangle. The perceived need for money is no doubt a necessary requirement for fraud; however, as is evident from both Coughlin and London's circumstances, pressure has proven to be an incomplete descriptor of their motivations to offend and is not representative of every occurrence of fraud (see Dorminey et al., 2010: 18). In other words, the analysis of textual features in relation to how the larger discourse on "pressure" is disseminated and consumed is dependent upon the sociocultural practices that nurtured its existence. The micro-analysis of "pressure" and the manner in which its meaning is reproduced and recontextualised reflects the preoccupation with a recursive analytic movement that legitimises dominance and hegemony, which enables its operationalisation to suit a particular sociocultural context (see Luke, 2002: 100).

6.2. CDA and the (De)construction of Opportunity to Commit Fraud

6.2.1. Level of Analysis: Text

Cressey's (1953:17) assertion that financial problems can be resolved by the violation of a "position of trust" (perceived opportunity) is replaced with the term "opportunity" by

anti-fraud professionals (ACFE) and standard setters (AICPA and IFAC) (Morales et al., 2014). In contrast to Cressey (1953), this reconceptualisation is central to the construction of a dominant discourse around "opportunity", the dimensions of which revolve around deficient internal controls (Davis & Pesch; 2013; Power, 2013; Williams, 2013). The focus is on the individual acting alone. The individual fraudster becomes the unit of analysis and his or her corresponding preoccupation with monetary success provides the incentive to circumvent internal controls.

The choice of words (whether in spoken or written text) can signify different meanings or establish certain terrain that authoritative bodies want to position their audience to follow (Fairclough, 1992, 1995, 2003; see also Fairclough & Wodak, 1997; Chouliaraki & Fairclough, 2010). The terrain will signify the focus of a particular course of action, which may need to be made explicit. For example, if a text uses "perceived opportunity" rather than "opportunity", one immediately gets a sense of the direction that is being laid out. It is much easier to build a fraud prevention mechanism that focuses on the "opportunity" to commit fraud rather than the much more interpretative "perceived opportunity". For Cressey, "perceive opportunity" focuses on the individual's perception of acting with intent; that is, the individual must necessarily perceive the possibility to perpetuate a crime (Cressey, 1973, pp. xii-xiii). Through this lens, internal controls to eliminate the opportunity for fraud are less important than individual perceptions; rather, according to Cressey (1973), one should assume that "objective opportunities" for fraud always exist (Morales et al., 2014: 175). The term "opportunity" as it is constructed by the fraud triangle is interpreted to mean "that any apparently 'ordinary' individual can commit fraud, and subsequently, promulgate a discourse that privileges organizational controls to eliminate the opportunity to commit fraud" (Morales et al., 2014: 186; Power, 2013: 529).

6.2.2. Level of Analysis: Discourse Practice

A common rhetorical strategy in this discursive practice is the association between opportunity and fraud. Here, the purveyors of the discourse frame opportunity as the only element of fraud risk that employers can influence (Jans, Lybaert, & Vanhoof, 2010; Power, 2013; Williams, 2013). The emphasis is on the need for internal controls: since an employee is in a position of trust (i.e., no one is checking), internal controls can be violated (Morales et al., 2014: 178; see also Messina, 1997; Buckhoff, 2001; Brytting et al., 2011). Fraud demands the individual's ability and knowledge to circumvent internal controls without the possibility of getting caught (Neu et al., 2013; Power, 2013). As a result, discussions in accounting and auditing research have tended to focus upon the reproduction of dominance around the theme of internal controls for the prevention and detection of fraud (Messina, 1997; Buckhoff, 2001; Albrecht et al., 2004; Alleyne & Howard, 2005; CIMA, 2008; Rae & Subramaniam, 2008; Fleak et al., 2010; Kelley & Hartley, 2010; Strand Norman et al., 2010; Cooper et al., 2013; Power, 2013; Morales et al., 2014). As the following excerpts show, discourses on "opportunity" and "internal controls" appear in a variety of research efforts; however, they reproduce the same content, promote a similar branch of knowledge, support the same strategy and belong to the same discursive formulation:

In sum, an individual who is able to rationalize personal gain at the expense of others is likely to commit fraud when incentive and opportunity exist (Wilks & Zimbelman, 2010: 725).

Even if there is an assumption "that management integrity could be compromised, given the right incentive and opportunity, then the risk of fraud increases significantly" (Srivastava, Mock, & Turner: 2003: 29).

Professional accounting bodies have been much more profound in their interpretation of opportunity:

In terms of opportunity, fraud is more likely in companies where there is a weak internal control system, poor security over company property, little fear

of exposure and likelihood of detection, or unclear policies with regard to acceptable behaviour. Research has shown that some employees are totally honest, some are totally dishonest, but that many are swayed by opportunity (CIMA, 2008: 13).

Consequently,

[o]ne of the most effective ways to tackle the problem of fraud is to adopt methods that will decrease motive or opportunity, or preferably both rationalisation is personal to the individual and more difficult to combat, although ensuring that the company has a strong ethical culture and clear values should help (CIMA, 2008: 14).

The centrality of this discourse to the reproduction of knowledge shows how meanings are ascribed to "opportunity" and how this meaning is institutionalised, interpreted and transmitted by the wider anti-fraud community, which views fraud as an individual problem to be thwarted by effective internal controls (Peterson & Gibson, 2003; Albrecht, Albrecht, & Albrecht, 2004; Alleyne & Howard, 2005; Rae & Subramaniam, 2008; Kelly & Hartley, 2010; Jans et al., 2010; Strand Norman et al., 2010).

6.3.3. Level of Analysis: Sociocultural Practice

At the sociocultural practice level of CDA, the discourse on the opportunity to commit fraud implies a dialectical relationship between the message (i.e., the discursive event) being disseminated and the manner in which institutions (i.e., anti-fraud organisations) have framed it. The systematic exploration between discourse practice and sociocultural practice exposes the distortion of anti-fraud discourse on internal controls as a mechanism to curb fraud risks in organisations (see Power, 2013; Davis & Pesch, 2013). Fraud is analysed through the lens of an individual's behaviour and does not provide a solid theoretical base for assessing the likelihood of fraud under conditions of collusion (Coleman, 1985; Benson & Simpson, 2009; Colvin et al., 2002; Berger, 2011). Internal controls are not possible in a collusive environments as the system may still be circumvented by corporate executives and auditors working together to perpetrate fraud (Ashforth & Anand, 2003; Free et al., 2007;

Benson & Simpson, 2009; Stuebs & Wilkinson, 2010; Free & Murphy, 2013; Neu, Everett, & Rahaman, 2013; Power, 2013; Lokanan, 2014).⁴ The greatest risk as we have repeatedly seen from the recent accounting scandals comes from those in a position of authority who conspire with others to commit fraudulent acts that can cripple entire economies (Dedoulis, 2006; Sikka, 2010a; Gabbioneta et al., 2013; Neu et al., 2013; Power, 2013).

6.4.4. The Reconceptualised Opportunity Leg Applied

To illustrate how the discourse on the “opportunity” to commit fraud is constructed to privilege a particular situational context at the exclusion of others, let’s revisit the Lehman case.⁵ In this case, the main players were the executives, Lehman's accountants and the Company’s auditors, Ernst & Young (“E&Y”). The bankruptcy examiner of the Lehman Brothers Case Anton Valukas (2010) was critical of E&Y’s part in the collapse; according to Valukas (2010), E&Y took no steps to question the non-disclosure by Lehman’s executives of the \$50 billion, off-balance sheet transactions that flattered the bank’s financial position. Rather, it seems that E&Y was encouraging participants to present Lehman’s low leverage as positive news to investors (Jeffers, 2011). Together, E&Y colluded with Lehman’s executives and in-house accountants to take advantage of accounting rules in order to present a favourable financial statement to stakeholders (Valukas, 2010). The misleading portrayal of Lehman’s true financial health appears to have been perpetrated through the actions of individuals working together either within the organisation or across organisations, as opposed to being the actions of a single misguided individual (see Ashforth & Anand, 2003: 2). Fraudulent practices were disseminated throughout Lehman via an institutional process that allowed such practices to prosper (Gabbioneta et al., 2013). E&Y was co-opted by

⁴ The concentration is more profound with respect to the segregation of duties, which has garnered close scrutiny since the enactment of the *Sarbanes-Oxley Act* section 404 requirements (Dorminey et al., 2010: 19).

⁵ Another example of collusive behaviour is the Freddie Mac (2003) fraud case. The main players in the Freddie Mac scandal were the President, CFO, and Sr. VPs. An SEC investigation found that they collaborated to fraudulently mis-state earnings (mostly underreported) over a four-year period in order to smooth volatility in earnings and meet Wall Street targets (*SEC v. Federal Home Loan Mortgage Corporation*, 2007).

Lehman's executives and a tacit agreement was fostered to turn a blind eye to fraudulent practices (see also Ashforth & Anand, 2003: 11). This secret cooperation amongst individuals became more difficult to detect when one of the gatekeepers (in this case E&Y) responsible for monitoring such behaviour became part of the problem (Coleman, 1985).

Come to think of it, it may be rather naïve to picture "opportunity" as something Lehman's executives recently discovered and were seduced by to commit fraud (Brytting et al., 2011: 52). Rather, as the evidence suggests, fraud is less the result of solo-offending and more the result of collusion between senior managers and their vastly experienced inner circle of accountants and information technology experts (see also Coleman, 1985; Mitchell et al., 1998; Free et al., 2007; Donegan & Ganon, 2008; Morales et al., 2014; Lokanan, 2014). The fraud is usually perpetrated by these individuals who cleverly camouflage and manipulate internal controls to carry out the fraudulent act (Mitchell et al., 1998; Free et al., 2007; Lokanan, 2014). It takes specialised knowledge to commit fraud, and to some extent it may seem as if the organisation's control system has been consciously re-designed into an opportunity for fraud (Brytting et al., 2011: 52). Accordingly, it is not always opportunity that leads to fraud and it could be the other way around, with the fraudsters creating the opportunity to commit the fraud (p. 52). The fraud triangle's inability to explain the more collusive corporate frauds therefore presents a parsimonious discourse of offending (Free & Murphy, 2013: 30). The collusion to commit fraud amongst individuals within the organisation, as well as across organisations, does not appear to fit the fraud triangle's framework.

6.3. CDA and the (De)construction of Rationalisation to Commit Fraud

6.3.1. Level of Analysis: Text

In his related concept of "verbalization", Cressey (1953) found that the internal conversation that the perpetrator has with himself in order to rationalise his behaviour can

serve as motivation to remove guilt (Cressey, 1953: 30; see also Murphy & Dacin, 2011: Murphy, 2012). The striking feature of Cressey's (1953) work is that

embezzlers tend to rationalize their behavior in ways that imply that deep down, they are honest. Specifically, Cressey contends that, before committing a violation, the person convinces himself that the act will not compromise his identity as an honest person and that it conforms to a certain ethical view of himself (Morales et al., 2014: 176).

In fact, rationalisation is seen as

part of the motivation of the crime. Because the fraudster does not view himself as a criminal, he must justify his misdeed before he ever commits them. The rationalization is necessary so that the perpetrator can make his illegal behaviour intelligible to him and maintain the concept of himself as a trusted person (Krancher et al., 2010: 66).

The “verbalisation”, or the words and phrases that embezzlers used to rationalise their actions (and inaction), was the more important element that got them into trouble (Cressey, 1953: 111).

A modified discourse to understand rationalisation has been constructed by the anti-fraud establishment. The discourse has redefined "rationalisation" to meet certain objectives, namely to see it as a part of human nature (Morales et al., 2014: 17). This redefinition of ‘rationalisation’ is central to the production and reproduction of knowledge around the concept and is represented by the following text from Wells: “once the line is crossed, the illegal acts become more or less continuous” (Wells, 1997: 17). The message being endorsed with this discourse is to associate rationalisation with attitude, which shifts the unit of analysis closer to deficit in relation to the individual's morality (Morales et al., 2014). This permutation, promoted in the work of the AICPA, seems to assume that "some individuals possess an attitude, character, or set of ethical values that allow them to knowingly and intentionally commit a dishonest act” (AICPA, 2002, paragraph 7, p. 8). Here, rationalisation

is being placed in the background by an attitudinal stance that endorses deficiencies in the morality of individuals as the reason for committing fraud (Morales et al., 2014: 182).

6.3.2. Level of Analysis: Discourse Practice

The ACFE's deconstruction of the term "rationalisation" and its alignment with dishonesty and a lack of integrity (or personal ethics) has led to increased research on the individual psychology of the fraudster (Buckhoff, 2001; Albrecht et al., 2004; Dedoulis, 2006; Choo & Tan, 2008; Murdock, 2008; Rae & Subramaniam, 2008; Brazel et al., 2009; Albrecht et al., 2010; Cohen et al., 2010; Murphy & Dacin, 2011). The majority of attention seems to have been placed on language that standard setters have defined as the dominant logic of rationalisation. Such language has led to the solidification of a particular branch of knowledge that associates fraud with certain hapless souls (usually a first-time offender) with a good reputation in the community and is centred around perceiving the individual as an "accidental fraudster" (Krancher et al., 2010; see also Buckhoff, 2001; Albrecht et al., 2004; Rae & Subramaniam, 2008).

These discursive formulations are theoretically justified using Cressey's (1953) work by systematically deconstructing the concept of rationalisation and replacing it with an ideology that stresses dishonesty, or by associating it with a lack of integrity or dubious ethics to rationalise a fraudulent act (Morales et al., 2014: 186; see also Buckhoff, 2001; Albrecht et al., 2004; Rae & Subramaniam, 2008; Srivastava, Mock, & Turner, 2009). The sustained effect of this discourse has steered prevention efforts and encouraged auditors to assess the individual morality of the fraudster:

Regulators should place greater consideration on ethics in the officially promulgated auditing standards in order to enhance the ability of auditors to be more effective in detecting corporate fraud (Cohen et al., 2010: 272).

[Auditors should] understand the financial reporting environment (for example, attitudes, ethics, motives, and pressures) affecting the CEO, CFO, and others who are involved in the entity's financial reporting (AICPA, 2005: 5).

Auditors can become familiar with the rationalization categories and design interview techniques to identify them. An identified rationalization serves as a psychological red flag to the presence of fraud (Murphy & Dacin: 2011: 615).

The masked academic discourse on the demand for auditors to assess the integrity and ethical values of their clients has strengthened and reinforced the rhetoric that an understanding of the individual's morality will perhaps have more impact in terms of preventing a potential fraudster from committing fraud (see Cooper et al., 2013: 443-444).

6.3.3 Level of Analysis: Sociocultural Practice

The institutional marketisation of rationalisation as it is presented in the fraud triangle is socio-politically “situated” to align with the fraudster's justification to commit fraud. It then follows that an analytical enterprise is constructed that facilitates a discursive practice that aligns rationalisation with a lack of integrity and morality as the key offending traits of the fraudster (Morales et al., 2014: 182). There are, however, fundamental problems with these constructions. First, the rationalisation leg as defined by Cressey (1953) and reformulated by the ACFE is not directly observable because it is impossible to know exactly what the individual may be thinking (Dorminey et al., 2010; Murphy & Dacin, 2011; Morales et al., 2014). Second, the sociocultural practice and the operationalisation of “rationalisation” does not apply to pathological fraudsters who, by the very nature of their personalities, have no morals or need to rationalise their behaviour (Albrecht et al., 2004; Dorminey et al., 2010; Murphy, 2012). The grandiose sense of self of these individuals means, more often than not, that they have no conscience, or alternatively, as we have seen in the London case, they do not see their actions as being wrong (Bakan, 2004; Stout, 2005; Dorminey et al., 2012).

Pathological fraudsters possess an exceptional ability to rationalise their behaviours (Brytting et al., 2011: 53). Whatever action they take can be justified in their minds which, when combined with their ability to rationalise fraudulent acts, can lead to fraud even when the pressure and opportunity factors are slight (p. 53). The actions of predatory fraudsters are more deliberate, cause larger losses and are harder to detect, making them more dangerous than the accidental fraudster (Dorminey et al., 2010: 18-19). When one factors these personality traits into the equation, it appears that the fraud triangle was created with accidental fraudsters in mind, which is sustained by coexisting discursive practices by anti-fraud establishments. By virtue of being better organised, all the pathological fraudster needs is an opportunity; s/he does not need any pressure or rationalisation to circumvent the law (Howe & Malgwi, 2006: 28-29; Albrecht et al., 2010: 263-265; Krancher et al., 2010: 22).

6.4.4. The Reconceptualised Rationalisation Leg Applied

The discourse on the “rationalisation” to commit fraud is privileged to stabilise a construction of fraud that distances itself from Cressey's (1953) conceptualisation. To fully understand the consequences and implication of this construction, it is best to revisit the insider trading scandal involving London. When one takes a closer look at the charges levelled against London and then tries to use the rationalisation leg of the fraud triangle to explain his actions, it seems impossible to piece them together (see also Dorminey et al., 2010; Murphy & Dacin, 2011). Now, if London had bought a new \$3 or \$4 million mansion when the market was at its peak, one could have rationalised that he may have needed the extra cash to finance his home. But from all published reports, the \$3 million home would only be worth two or three times his annual compensation bonus. Moreover, London was still alleged to be living in the Southern Californian home that he had bought before the time he was promoted to partner, which puts the value of his house at about one-third of his annual compensation. Even London's lawyer later pointed out that there was no money trouble.

Based on the news reports and the calibre of journalists who worked on the story, there were no drugs or girlfriend involved, and also no family problems. So how could a regional audit partner of one of the most prestigious auditing firms possibly develop a rationalisation/justification for the alleged insider trading that took place?

Perhaps the justification can be found in Murphy and Dacin's (2011) work on the psychological pathways of fraud. According to Murphy and Dacin (2011),

individuals are motivated to see themselves in a positive light. If an individual commits fraud, then s/he is motivated to improve self-image in some other way. [Self-affirmation] theory asserts that an individual could admit wrongful behaviour if s/he affirmed another equally valuable part of the self (p. 610).

From this theoretical position, rationalisation takes on a different meaning distinct from the fraud triangle's conceptualisation (see also Free et al., 2007; Morales et al., 2014). A fraudster may try to help those in need if helping the needy is important to him or her. In London's case, he rationalised his actions by acknowledging that he "did it to help out someone whose business was struggling. It was a bad, bad mistake" (Pfeifer, 2013: para. 7). Here London is involved in self-affirmation where he is cleansing his conscience and changing his attitude to morally justify his reprehensible behaviour as appearing worthy of a higher purpose (see Murphy & Dacin, 2011: 610). Even though some may construe London's rationalisation as having merit, it does not change the fact that he was a willing participant in passing material including non-public information about the securities of companies he audited in exchange for cash and gifts. London construed a fraudulent situation and then placed the responsibility for his actions elsewhere (see Murphy, 2012: 244).

Evidently, there are incidences of fraud where the rationalisation leg, as defined by the fraud triangle, may not be applicable at all (Albrecht et al., 2010; Jones, 2010; Murphy & Dacin, 2011). In this alternative discourse, in contrast to the 'normal' and

accepted characteristics of the construct, the fraudster's behaviour is associated with a neurotic personality (Stout, 2005; Dorminey et al., 2010; Murphy, 2102; Ramamoorti, 2008; Kelly & Hartley, 2010). This discourse reversal has unveiled a "pathological fraudster" (AKA predator) who feels no guilt for his or her actions (Stout, 2005; Dorminey et al., 2010); the predator is seen as a serial offender who actively seeks out internal control weaknesses that he or she is able to take advantage of (Dorminey et al., 2010).

Table 1-2 sums up the shortcomings of the fraud triangle. The fraud triangle is not a general theory of crime and cannot explain all occurrences of fraud. The non-sharable financial pressure to which Cressey (1953) referred is an incomplete descriptor and does not account for the various types of pressures that lead to fraud. Perceived opportunity does not address collusive behaviour and management overrides. The rationalisation to commit the fraud is a non-observable trait. Some fraudsters do not need rationalisation to commit fraud; all that is required is a perceived opportunity where the probability of committing the act and getting caught is low. There is no need for pressure or rationalisation.

Table 1-2: Table Showing the Shortcomings of the Fraud Triangle⁶

Definition	Shortcomings	Explanation of Shortcomings
The Fraud Triangle The convergence of incentive/ pressure, opportunity, and rationalisation will lead to fraud.	The fraud triangle is not a general theory of crime and cannot explain every occurrence of fraud (see Hirschi & Gottfredson, 1989).	1. Pressure, opportunity, and rationalisation do not need to converge and be present in all fraudulent acts. 2. The fraud triangle does not adequately address the predatory fraudster and those that are better organised.
Perceive Pressure Non-shareable financial need.	Non-shareable financial pressure is an incomplete descriptor of the fraudster's motivation (see Dorminey et al., 2010).	The pressure to commit the fraud does not need to be non-sharable and financial.
Opportunity The presence of opportunity to commit the fraudulent act.	Opportunity does not address collusive behaviour and management overrides (see Alleyne & Howard, 2005; Dorminey et al., 2010; Lokanan, 2014).	Opportunity does not take into consideration criminal cooperation, i.e., the process in which individuals pool their expertise to commit fraud.
Rationalisation Morally justifiable reasons to act.	1. Rationalisation is not observable (see Murphy, 2012). 2. Some fraudster does not need rationalisation to commit fraud (see Murphy & Dacin, 2011).	1. Rationalisation cannot be quantified and measured. 2. The predatory fraudster does not need to rationalise her/his action; all s/he needs is an opportunity to act.

7. Some Concluding Thoughts

In this paper, I have employed a CDA framework to analyse the fraud discourse disseminated by the ACFE more systematically and more critically from a linguistic perspective (see also Cortese et al., 2010; Merkl-Davies & Koller, 2012). By linking the content and linguistic features of the fraud triangle discourse to the specific context of text production and the wider anti-fraud community, I have been able to show that the ACFE and its alliance of anti-fraud associations uses semiotic devices to strategically achieve their goals

⁶ See also Dorminey et al.'s (2010) work for an extension of the fraud triangle model.

(Merkel-Davies & Koller, 2012; Morales et al., 2014). A CDA's framing reveals that this discourse is part of a contested terrain where language is used as a weapon to facilitate the interest of professional associations, and more importantly solidify the significance of their relationships with each other (Morales et al., 2014; Cortese et al., 2010). Perhaps more importantly, a critical discourse of analysis has exposed the "interactive process of meaning-making" within the language used to conceptualise fraud and its antecedents' prevention strategies that would not have been possible without employing CDA (Fairclough, 2003: 10).

Contextually, a CDA's framing has allowed me to challenge the research efforts involving the fraud triangle, which have associated corporate illegality with the prerequisite antecedents of pressure, opportunity and rationalisation (Gabbioneta et al., 2013; Morales et al., 2014). While these three elements may prove insightful in understanding why the situational fraudster chooses to offend, a CDA shows that they draw attention away from other issues and processes that may be associated with fraud (Cooper et al., 2013: 444; Gabbioneta et al., 2013: 493). More specifically, the individual focus on the decision-making model downplays the strand of criminology that views crime from a macro-sociological angle (Morales et al., 2014: 173; see also Donegan & Ganon, 2008; Cooper et al., 2013). The ACFE's endorsement of fraud as an individualised problem rather than a socio-political issue raises three concerns that are related to the fraud triangle concepts. First, the endorsement of a flawed model has led individuals to believe that they can continue their actions without getting caught, amplifying their motivation to cheat. Second, the heavy reliance on the ACFE's limited conception of fraud and the focus on the fraud triangle and its antecedent's concepts (Brody et al., 2012) has established opportunities for concealment, enabling individuals and organisations to successfully plan and execute fraud. Third, concealment of fraud has been aided and abetted by an identifiable discourse that has linked rationalisation to attitude, in the process aligning fraudulent behaviour with the individual's personality and

frail morality (AICPA, 2002: 8). Taken together, the discourse associated with these concerns suggests that fraud risk factors are grouped into the legs of the fraud triangle around “conditions that indicate incentives/pressures to perpetrate fraud, opportunities to carry out the fraud, or attitudes/rationalizations to justify a fraudulent action” (AICPA, 2002, paragraph 31, p. 16; see also IFAC, 2006, paragraph 24, section A25, p. 174).

By advocating the fraud triangle therefore, it can be argued that the ACFE and AICPA have divorced their understanding of corporate criminals from an understanding of corporate fraud. The fraud triangle tends to explain why some decent and trustworthy individuals (i.e., the accidental fraudster) make bad choices, and may be able to explain low-level, occupational frauds with some degree of certainty (Ramamoorti et al., 2009). To facilitate this rhetoric, the fraud triangle is openly endorsed as a tool by its framers to promote a branch of knowledge around fraud prevention and individual deviant morality (see Cooper et al., 2013; Morales et al., 2013). This branch of knowledge is important in maintaining and reproducing the fraud triangle as a practitioner framework that promotes "the evaluation, monitoring and normalization of the character of organizational members" (Morales et al., 2014: 171). Such discourse is a complex and multi-level one that privileges the perception that fraud is rooted in the individual's frail morality, while turning a blind eye to the social process through which individuals' behaviours are influenced (Davis & Pesch, 2013: 470). To sum up, the fraud triangle does go some way in explaining why corporate executives and their inner circle of accountants, lawyers, and information technology experts are associated with fraud. However, there is a danger that the individualized focus of this decision-making model will distract attention from other decision-making approaches and issues related to fraud (Cooper et al, 2013: 444; also see Donegan & Ganon, 2008; Dorminey et al., 2010; Cooper et al., 2013; Gabbioneta et al., 2013; Morales et al., 2014).

Going forward, it is important that anti-fraud research recognises that predators do exist and provide professionals with the requisite skills for detecting the distinguishing characteristics for exposing the predatory fraudster (Dorminey et al., 2012). To assist in this cause, "a stronger understanding of the role of culture and institution in promotion, persistence and prevention of fraud would enable [anti-fraud professionals] to address some of the more systemic issues on a macro-level" (Cooper et al., 2013: 452). In the sociology and criminology literature on white-collar crime, there is a long standing concern to locate wrongdoing within wider societal influences (Hirschi, 1969; Braithwaite, 1985; Coleman, 1985; Hirschi & Gottfredson, 1989; Colvin et al., 2002; Wikström & Treiber, 2007). This social science understanding "starts from a position that morality and fraud are neither personal nor universal, but are situated in specific social and historical contexts" (Cooper et al., 2013: 445). Fraud is multifaceted and is a reflection of the perpetrator's surrounding habitat. As such, a consideration of the wider macro social and economic dimensions are all critical for gaining an understanding of the unethical behaviour that could eventually lead to fraud (Coleman, 1985; Donegan & Ganon, 2008; Misangyi, Weaver, & Elms, 2008; Cohen et al., 2010; Cooper et al., 2013; Gabbioneta et al., 2013; Morales et al., 2014). This integrated approach "highlights the value of a more situated view of how fraud takes place" (Cooper et al., 2013: 451), and provides additional insights on its socio-political origins (Morales, et al., 2014; Davis & Pesch, 2014).

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